

February 14, 2011

Edith G. Prague

State Senator; Assistant President Pro Tempore Chair, Joint Committee on Labor and Public  
Employees Legislative Office Building, Room 3800 Hartford, CT 06106

Zeke Zalaski

State Representative

Chair, Joint Committee on Labor and Public Employees Legislative Office Building, Room 3804  
Hartford, CT 06106

RE: SB 361 (Looney) – SUPPORT

Dear Senator Prague and Representative Zalaski,

UNITE HERE Locals 34, 35, 217 and GESO, representing over 6,000 members in Connecticut, write in strong support of SB 361, Senator Looney's bill to restrict the use of credit history in employment decisions. 170,000 Connecticut workers are currently unemployed and almost 100,000 have been forced to accept part-time work.

Meanwhile, sixty percent of employers recently surveyed by the Society for Human Resource Management report that they run credit checks on job applicants. Now, when Connecticut families face the worst economic crisis of our generation, is the time for our leaders to ensure that employment discrimination has no place in our economic recovery.

The use of credit history in employment decisions should be restricted for four main reasons.

First, credit checks create a fundamental "Catch-22" for job applicants in Connecticut. An applicant falls behind on her bills because she lost her job or her hours were cut, but now she can't get a job or a promotion because she's behind on her bills. Connecticut workers seeking to regain economic security should not face a permanent barrier to employment that punishes them for the current economic recession.

Second, the use of credit histories discriminates against African-American and Latino job applicants. The average credit score of African-Americans is roughly 10% to 35% lower than that of Whites, while the average credit score for Latinos is roughly 5% to 25% lower than that of Whites, according to a 2004 study by the Texas Department of Insurance. Based on this disparity, the Equal Employment Opportunity Commission has recently sued two employers for using credit histories in employment decisions, claiming that the practice violates Title VII of the Civil Rights Act. Furthermore, the impact of employment credit checks on women, recent immigrants, senior citizens and people with disabilities has not been disclosed by the credit reporting industry, but these groups have suffered financially from outside factors such as unequal pay, job discrimination and medical debt.

Third, credit histories do not predict job performance.

Credit reports were designed to predict the likelihood of one thing only—that a consumer would default on a loan, not whether he would steal, commit fraud, or behave irresponsibly in the workplace. The definitive study on this issue, presented to the American Psychological Association in 2003, concluded that credit history does not correlate with employee performance.

Even TransUnion, which sells credit reports to employers and has led efforts against similar legislation in other states, has produced no evidence that credit reports make employers safer. At a legislative hearing in Oregon, TransUnion representative Eric Rosenberg admitted: "...we don't have any research to show any statistical correlation between what's in somebody's credit report and their job performance or their likelihood to commit fraud."

Finally, credit histories are inaccurate. A 2007 Zogby poll reported that 37% of people (nearly 2 out of 5) surveyed found an error on their credit report, and half of these respondents reported that they could not easily fix the mistakes. No laws exist to track what percentage of credit reports a company produces are wrong, nor to punish reporting companies for inaccuracy, even if a majority of their reports contain errors. These companies should not be the gatekeepers to economic recovery for job seekers in Connecticut.

Fundamentally, the issue at stake is whether Connecticut workers in hotels, food service and other industries will be fairly judged based on their credentials and job performance or discriminated against because of their credit history.

TransUnion has stated that credit reports are the "de facto economic passport for every individual in this country, whether you like it or not." Our members have suffered wage cuts, layoffs and foreclosures during this economic crisis, all of which have severely impacted their credit history. As we work to rebuild our communities and our economy, we believe that hard work, not discriminatory tools such as credit reports, should be the economic passport for workers in Connecticut.

We call on you to help stop the "Credit Catch-22" in Connecticut by supporting Senator Looney's legislation and restricting the use of credit histories in employment decisions.

Sincerely,

Gwen Mills  
UNITE HERE Political Field Director CT/RI  
425 College St.  
New Haven CT 06511

CC: Bob Proto, President, Local 35  
Laura Kennington, President, Local 34  
Warren Heyman, Secretary-Treasurer, Local 217 Stephanie Greenlea, Chair, GESO